

# Rewarding Workplace Excellence: Employee Gainsharing



# Gainsharing is ...

An incentive program, formalized through a memorandum of understanding, that provides financial rewards to employees for exceeding specific performance goals, resulting in sustainable savings through better use of labor, capital, materials and energy.



# Gainsharing Facts

- ◆ More than \$26 million saved since 1998
- ◆ Gainsharing is self-financing
- ◆ \$6.3 million in employee bonuses awarded



# Gainsharing Facts

<b>Gainsharing Summary</b>	<b>Corrections &amp; Rehabilitation <i>Food Services</i></b>	<b>Park &amp; Recreation <i>Marinas</i></b>	<b>Water &amp; Sewer <i>Department- wide</i></b>	<b>Total</b>
Savings / Increased Revenue	\$ 3,342,531	\$ 2,107,013	\$ 20,700,000	\$ <b>26,149,544</b>
Gainsharing Distributions	\$ 874,011	\$ 231,740	\$ 5,205,000	\$ <b>6,310,751</b>
Department Special Use / General Fund	\$ 2,468,520	\$ 1,875,273	\$ 15,495,000	\$ <b>19,838,793</b>



# How Does Gainsharing Work?

- ◆ Performance goals
- ◆ Savings or revenue enhancement goals
- ◆ Plan for achieving goals
- ◆ MOU formalizes agreement



# Are there Rules for Gainsharing?

- ◆ Countywide Gainsharing Guidelines
- ◆ Developed in collaboration with labor and management
- ◆ Endorsed by Efficiency and Competition Commission
- ◆ Blueprint for developing programs, establishing roles and responsibilities, determining payout criteria



# Who Signs Off on Gainsharing Agreements?

Typically, parties include:

- ◆ Employee and/or Union Representatives
- ◆ Department Director
- ◆ Director of OSBM
- ◆ County Manager



# What is the Role of Labor in Gainsharing?

- ◆ Unions generally are parties to MOUs
- ◆ All MOUs must be compliance and harmony with labor contracts
- ◆ Gainsharing Guidelines were developed in collaboration with working group of labor and management representatives





# Can All Employees and Departments Participate?

- ◆ County employees may receive bonuses regardless of employment status
- ◆ Participants must work at least six pay periods during program and have a satisfactory performance evaluation
- ◆ Some departments have funding or regulatory restrictions; alternative incentives can be considered



# How Long are Gainsharing MOUs Valid?

- ◆ Gainsharing MOUs typically are multi-year agreements
- ◆ In general, five year maximum
- ◆ Multi-year approach allows for operational adjustments and new work practices to take effect



# How are Gainsharing Bonuses Distributed?

- ◆ Savings are calculated during annual closeout
- ◆ Maximum 25% for gainsharing
- ◆ Remainder for program-related enhancements and to defray general fund support
- ◆ Individual awards may be capped



# Elements of a Successful Gainsharing MOU

- ◆ Optimal employee performance
- ◆ Private industry or best practice standards
- ◆ Cooperative labor-management relations
- ◆ Clearly defined roles and responsibilities
- ◆ Challenging, attainable goals



# Elements of a Successful Gainsharing MOU

- ◆ Gainsharing must be based on real, verifiable savings or revenue increases
- ◆ Savings based on cost transfers or fee increases cannot be considered true savings or revenue increases



# How Can I Start a Gainsharing Project?

- ◆ Submit an idea worksheet
- ◆ Think about:
  - ◆ How many people are involved? Work unit? Entire department?
  - ◆ How do you propose to generate savings/increase revenue?
  - ◆ How will you track performance?
- ◆ Be specific!



# Idea Worksheet

Submit your idea worksheet to:

Office of Strategic Business Management, Performance Improvement Division

Fax: (305) 349-6190

## MIAMI-DADE COUNTY GAINSHARING AGREEMENT IDEA WORKSHEET

This worksheet will help you generate ideas for employee gainsharing agreements. Please provide all information you feel is appropriate to describe the proposed agreement, and submit the completed form to the Office of Strategic Business Management, Performance Improvement Division, to initiate the evaluation/agreement development process. You will be contacted regarding your proposal and, if it is determined that the proposed agreement should be pursued, a committee will be established to coordinate this effort. All gainsharing agreements are subject to approval of the Board of County Commissioners, the County Manager's Office, the Office of Strategic Business Management, and participating Departments.

### **YOUR CONTACT INFORMATION**

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Name/Title: \_\_\_\_\_ Date: \_\_\_\_\_

Department: \_\_\_\_\_

Division/Unit: \_\_\_\_\_

Phone: \_\_\_\_\_ E-mail: \_\_\_\_\_

### **PROPOSED AGREEMENT INFORMATION**

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What is the primary purpose of your department/work unit? How many employees are in the department/unit? How many would participate in the proposed agreement?

\_\_\_\_\_

# How Can I Start a Gainsharing Project?

Be creative. No two gainsharing programs are alike.

Some examples ...





# Corrections and Rehabilitation *Food Services Bureau*

- ◆ Miami-Dade's first gainsharing MOU
- ◆ Approved July 1998, new MOU 2002
- ◆ Financial goal: reduced cost per meal
- ◆ Costs competitive with private sector
- ◆ Gainsharing:
  - ◆ 25% savings for gainsharing
  - ◆ 25% savings reinvested in food services
  - ◆ 50% savings to general fund

# Park and Recreation

## *Marinas*

- ◆ February 1999 RFP to privatize County marinas
- ◆ County marina staff presented winning proposal
- ◆ Goal: increase marina utilization, revenue
- ◆ November 2000 MOU approved
- ◆ Gainsharing:
  - ◆ 25% increased revenue for gainsharing
  - ◆ 25% marina to marina contingency fund
  - ◆ 50% invested in marina capital improvements
- ◆ Steady increase in marina utilization rate

# **Finance Department**

## *Credit and Collections*

- ◆ Gainsharing MOU approved March 2004
- ◆ Goals: increase revenue, improve performance
- ◆ Monthly gainsharing distributions
- ◆ Financial targets based on collector base salary
- ◆ Targets are consistent with industry standards
- ◆ First bonus checks distributed Friday, June 11th

# **Finance Department**

## *Credit and Collections*



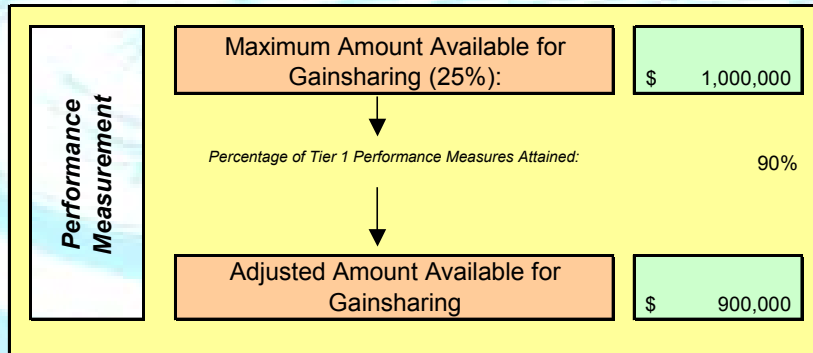
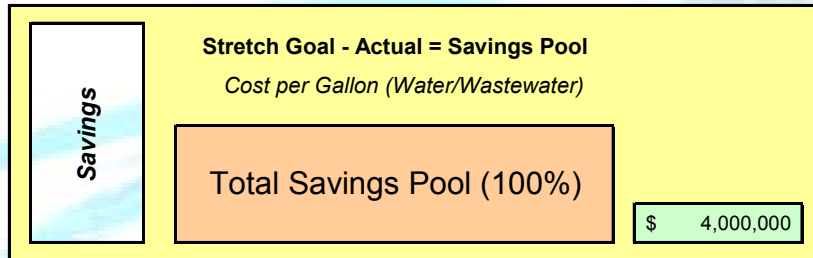


# Water and Sewer Department

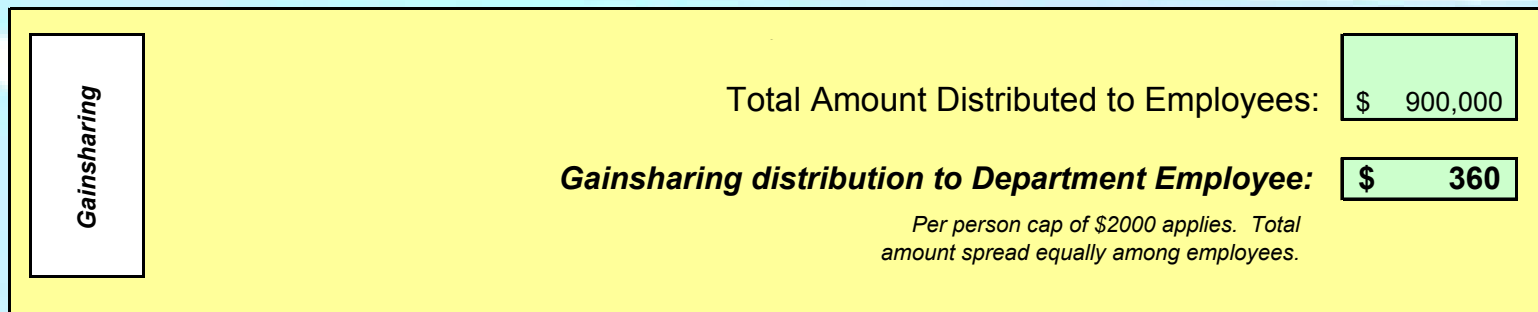
- ◆ County's first department-wide agreement
- ◆ May 2004 agreement, pending BCC approval
- ◆ Goal: reduced cost per gallon (water/wastewater)
- ◆ Designed to minimize impact of future rate increases
- ◆ Performance-based gainsharing
- ◆ Department-wide and AD Group measures
- ◆ All employees below Assistant Director level eligible
- ◆ 25% saving for gainsharing
- ◆ 10% employee recognition and development

# Water and Sewer Department

## *Gainsharing Distribution Scenario – Years One & Two:*



Tier 1 Performance Measures	Training	75%
	Bond Rating	90%
	Safety	80%
	Wastewater	120%
	Water	85%
	TOTAL	90%



# Water and Sewer Department

## *Gainsharing Distribution Scenario – Subsequent Years:*

Savings	Stretch Goal - Actual = Savings Pool Cost per Gallon (Water/Wastewater)	
	Total Savings Pool (100%)	\$ 4,000,000

Maximum Amount Available for Gainsharing (25%):		\$ 1,000,000
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Tier 1 Performance Measurement	Tier 1 Maximum Amount Available for Gainsharing (50%):		\$ 500,000
	Training	75%	
	Bond Rating	90%	
	Safety	80%	
	Wastewater	120%	
	Water	85%	
	Percentage of Tier 1 Targets Attained:	90%	
Tier 1 Adjusted Amount:		\$ 450,000	

Tier 2 Performance Measurement	Tier 2 Maximum Amount Available for Gainsharing (50%):		\$ 500,000
	Percentage of Tier 2 Targets met by all AD Groups:		90%
	Tier 2 Adjusted Amount:		\$ 450,000
	<b>Tier 2 Measures for AD Water Group:</b>		
	Water Pressure	90%	
	Miles Surveyed for Leaks	100%	
	Percentage of Tier 2 Targets attained by AD Water Group:		95%

Gainsharing	Tier 1 Distribution per Employee:		\$ 180
	Tier 2 Distribution per AD Water Group Employee:		\$ 193
	Total Gainsharing Distribution to AD Water Group Employee:		\$ 373
Per person cap of \$2000 applies. Total amount spread equally among AD Group			

# Water and Sewer Department





# *What's Next?*

Don't forget to check out the  
County's gainsharing webpage...



# http://www.miamidade.gov/opi/gainsharing.asp

The screenshot shows a Microsoft Internet Explorer browser window displaying the Miami-Dade County Performance Improvement website. The address bar shows the URL: <http://www.miamidade.gov/opi/gainsharing.asp>. The page features a header with the Miami-Dade County logo and navigation links. The main content area is titled "Gainsharing" and includes a detailed description of the program, a "Got an idea for gainsharing?" section with a link to a worksheet, and a "Contact Info" box with email and office phone details. A sidebar on the left lists various performance improvement topics.

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**Gainsharing**

Gainsharing encourages workplace innovation and superior job performance by giving employees a direct financial stake in meeting performance and savings or revenue-enhancement goals. Since 1998, more than \$26 million in savings has been realized through gainsharing; of this, County employees have received more than \$6 million in gainsharing bonuses, while the remainder has enabled departments to improve training and facilities, and to reduce general fund support. Gainsharing initiatives are entirely self-financing, generating sustainable savings for the County through better use of labor, capital, materials and energy.

**Got an idea for gainsharing?**

Complete a [Gainsharing Idea Worksheet](#) and submit it to the Office of Strategic Business Management, Performance Improvement Division. **We look forward to hearing from you!**

Anchoring each gainsharing initiative is a memorandum of understanding (MOU) outlining program goals and the formula for distributing gainsharing dollars. MOUs must be approved by the Board of County Commissioners and typically are executed by the County Manager, the Director of the Office of Strategic Business Management, the department Director, and employee and union representatives, as appropriate. Gainsharing agreements can be department-wide or specific to a particular division or work unit.

**Contact Info**

**Email:**  
[performance@miamidade.gov](mailto:performance@miamidade.gov)

**Office**  
(305) 349-6100

# *What's Next?*

... and be sure to submit an  
Idea Worksheet by June 30<sup>th</sup> to:

Miami-Dade County  
Office of Strategic Business Management  
Performance Improvement Division  
Attention: Gainsharing



*What's your  
gainsharing idea?*

